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SUBJECT: NORDIC DEFENSE COOPERATION: A RORSCHACH TEST

Classified By: Deputy Chief of Mission Kevin M. Johnson  
for reasons 1.4 b and d

11. (C) Summary: The old idea of Nordic Defense cooperation (NDC) has had new life breathed into it, bringing with it uncertain implications for NATO and the region's transatlantic ties. The momentum for this stems from a 2007 joint report on potential areas of defense cooperation issued by Norway and Sweden's Chiefs of Defense. Politicians in Norway, Sweden and Finland have taken this report as an excuse to promote different agendas, including Nordic solidarity, NATO membership for Sweden and Finland, or weakening Norway's ties to NATO. Denmark has largely chosen to remain outside while Iceland is an interested but marginal observer given its lack of a military. The initiative could enable cost savings and maintained or increased Nordic defense capabilities as well as improved coordination and involvement in NATO and UN operations. Alternatively and more worryingly, this initiative could result in further reductions in defense spending, a "hollowing out" of defense capabilities on a national basis, Norway drifting away from its traditional strong transatlantic ties, and reductions in operational flexibility. Norway's December 19 announcement on which fighter aircraft they will purchase is the first major decision with a significant impact on the Nordic Cooperation idea. At a meeting of Nordic embassies to review NDC, we concluded that continued engagement by the U.S. in the region is needed to encourage the positive aspects of NDC while reducing the likelihood of the more negative implications. End Summary

12. (C) Embassy Oslo hosted our State and DOD colleagues from Embassies Stockholm, Helsinki, and Reykjavik for a discussion of NDC on October 10. This cable reports our overall assessments and points a way towards developing a USG response.

Re-Birth of the NDC: Practical Beginnings  
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13. (C) Norway has long looked for partners and the previous GON in a grandly titled "North Sea Strategy" approached the Netherlands, UK, Denmark and Germany for NDC-like cooperation. This initiative was not successful and the current GON (elected in 2005) looked eastward. Building on their personal friendship and sharing concerns over declining budgets and increasing costs, Norway and Sweden's CHODs developed a joint report (later joined by Finland) identifying 140 areas in which cooperation would result in synergies and cost savings. Forty of these areas were identified as able to be implemented in 2009 with the defense

chiefs scheduled to sign an MOU on cooperation on these projects on November 11. The areas identified focus on joint training and equipment purchases, joint monitoring and surveillance of the region's maritime and air picture, joint units for deployment in international operations, and harmonization of logistical and other high-demand specialist units.

14. (C) This study is not the first effort to achieve synergies among the Nordics in defense. Most previous efforts have had only marginal success. NORDCAPS (Nordic Coordinated Arrangement for Peace Support) was established in 1997 with the purpose of coordinating Nordic participation in peacekeeping operations and capability building efforts. NORDAC (Nordic Armaments Cooperation) established in 1994 is intended to function as the mechanism for joint equipment purchases. Both initiatives continue to exist but have been underutilized.

#### The Shimmering Ideal of Nordic Cooperation

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15. (C) Seizing on the CHOD's joint initiative, Norway's idealist and active Foreign Minister, Jonas Gahr Stoere, initiated a series of joint Nordic FM meetings. These gave what was a technical and practical MOD study a much more political tone and have helped revitalize the Nordic Council and the broader ideal of Nordic Cooperation. Personal relationships play a role, particularly Stoere's close friendship with Sweden's FM Carl Bildt. The December 4, 2007 Summary Report by the Swedish Defense Commission and the February 13, 2008 Statement of Government Policy, delivered by Carl Bildt before Parliament, stating that "Sweden will not remain passive should another EU Member State or Nordic country be struck by disaster or attack" was noted with great interest as a possible sign of a shift in Sweden's military non-alignment. One offshoot of this momentum is the commissioning of Thorvald Stoltenberg, former Norwegian FM and Minister of Defense (and father of Norway's current PM Jens Stoltenberg) to write a report on the possibilities for broader Nordic Cooperation encompassing defense cooperation, monitoring of maritime areas (including climate, search and rescue operations, and situational awareness), energy and IT security and potential joint diplomatic missions. The Stoltenberg report will be released December 18. The Nordic countries all approach these ideas quite differently, making realization of the ideal difficult to achieve, something Stoltenberg has noted in meetings with Embassy Oslo.

#### Norway: NDC as supplement for NATO or partial substitution?

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16. (C) Norway has been in many ways the driving force behind the NDC idea, both on the practical and political elements. Norway's CHOD is driving the MOD engagement on this issue with the bureaucracy somewhat skeptical over NDC's real potential. The Norwegian MOD views NDC as only useful if it results in cost savings, increased capacity, and ability to jointly deploy. MOD leaders take pains in briefings to NATO and with embassies to stress that NDC will have only positive impacts for NATO, both in increasing capabilities and in bringing Sweden and Finland even closer to NATO.

17. (C) The Norwegian MFA also claims that their enthusiasm for NDC is largely to help bring Sweden and Finland closer to NATO, but this rings hollow. The left-leaning GON (including the Socialist Left, an anti-NATO party in its ruling coalition) has long been uncomfortable with U.S. foreign and defense policy. It also has felt that its attempts to interest the U.S. and NATO in issues of concern to Norway in the Barents have been largely ignored. Norway's North Seas Strategy, designed to increase cooperation between Norway, Denmark, the UK, the Netherlands and Germany has not resulted in anything significant. Barred by coalition politics (and popular sentiment) from seeking EU membership, GON leaders appear to have determined that Nordic Cooperation is a better ideological fit and are trying to revive this long-dormant movement. Socialist Left leaders are open about their desire for Nordic Cooperation to replace or reduce the importance of Norway's NATO membership. This attitude is not reflected by

any other party or the majority of the population, but the combination of the appeal of Nordic Cooperation, frustration with U.S. policies, and apparent neglect of Norway's concerns could lead to a weakening of Norway's traditionally very close ties to the U.S. in the defense and security areas.

¶8. (C) Norway's decision on which fighter aircraft to purchase will be a crucial indicator of how far the GON is willing to go on NDC. MOD officials believe that a choice of the F-35 could delay implementation of NDC, subject to Swedish reactions. Embassy Stockholm reports that Sweden would like the Gripen to be part of NDC but the GOS is committed to NDC with or without a favorable Gripen decision. The Norwegian MOD has taken great pains to stress that the decision between the F-35 and the Swedish Gripen will be based on a strict technical study of the aircraft's capabilities, price, and accompanying industrial package. However, political factors could override this process. Reports in the Norwegian press claiming that Swedish PM Reinfeldt threatened consequences if the Gripen were not chosen, Gripen's massive efforts to tie the purchase to industrial cooperation in every province of Norway, and the appeal of joint Nordic joint air operations remain factors which could sway the decision.

Sweden: Costs Key, but Security and Industry Also Important

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¶9. (C) The Swedish MOD has a similar view of NDC as a necessary response to declining budgets, especially in an environment that sees expenses rising at 3.5 percent per year. "The bottom line is more bang for the buck," MOD reported in two separate presentations to Embassy Stockholm. Like their Norwegian counterparts, the Swedes have only conducted a preliminary analysis of what is possible both militarily and politically at this point in time, resulting in a focus for now on "low hanging fruit" that leads to cost-savings: combined training, logistics, and perhaps basing.

¶10. (C) The MOD civilian leadership makes the point that Nordic cooperation remains very sensitive politically because of Sweden's policy of military non-alignment. "To discuss joint patrols of, for example, Arctic regions does not serve the political process" in Sweden or other Nordics, they tell us. But Swedish (and other Nordic) defense planners speak of shared security challenges in the region and shared strategic assessments, which require all three nations to increase operational capabilities -- both regionally for territorial defense, and internationally for "flexible and durable" overseas deployments. When asked whether activities like joint patrols would therefore make sense in the future, senior MOD officials reply that "if you look carefully at what we have said, they are nowhere excluded." Asked about the possibility that NDC could help provide political cover for unpopular or controversial international missions, our contacts have agreed that it could be easier, in some cases, to deploy a joint Nordic battalion than one that is only Swedish.

¶11. (C) Outside the Swedish MOD, it is clear that many actors also see NDC as a means of support for Sweden's defense industries. Saab's Gripen aircraft are perhaps the most prominent example, though Visby Corvette naval vessels, submarines and CV90 armored personnel carriers are also big ticket items that Sweden would like to sell to its NDC partners.

¶12. (C) Finally, although some Swedish security planners may see NDC as a "possible military road" towards eventual Swedish membership in NATO through the back door of closer cooperation with Norway, this is an unlikely development in the near future. Elements in the current Swedish governing coalition favor eventual NATO membership, but because popular support for such a step is low and other governing coalition partners are not on board, the Government has made clear that the question will not be on the table until at least after the elections of 2010.

Finland: Serious, practical, moving towards NATO?

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¶13. (C) Finnish defense and security policy is governed by strong consensus which at present wants to maintain the option of NATO membership but not join. In addition, the Finnish President has made it clear that she will not allow Finnish NATO membership during her term in office (which expires in 2012). Thus the Atlanticist FM Stubb's positive public comments about NATO last August caused a stir in political circles, and he later stressed before Parliament that they signaled no change in the current consensus. His comments should not be viewed as indicative of any NDC impact. Finland is seriously interested in NDC, but only to the extent it does not impact their ability to defend themselves and if it could be applied to international crisis management. Territorial defense remains the key concept of Finnish defense planning, and thus puts into question any of the grander ideas about joint Nordic units or support responsibilities which could potentially limit Finland's freedom of action. Although it is clear that some political parties in favor of NATO membership will use NDC to pursue their agenda, Finnish interest in the concept seems most concentrated on the practical aspects.

Iceland: Vulnerability leading to increased interest

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¶14. (C) The 2006 closure of the Keflavik air base forced Iceland to start taking some responsibility for its own defense. This has been a painful process which created some ill will towards the U.S. and to a lesser extent NATO. In 2007 Iceland passed its first defense budget (\$20 million) and has taken over responsibility for air radars and for support of NATO air policing deployments to Iceland. This year Iceland established a Defense Department, within the Ministry of Foreign Affairs, another important development. Iceland is currently working on bilateral security agreements with the U.S., Norway, Denmark, and Canada and is being much more active in security dialogues, including Nordic Defense meetings. Given its lack of military forces Iceland's participation in NDC is limited, but they have joined some equipment purchases, such as helicopters, and would be interested in future joint buys. Iceland looks to Norway for leadership on political questions and thus would strongly support more Nordic (and NATO) engagement in the North Atlantic.

Denmark: Looking elsewhere

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¶15. (C) Denmark has been the least active of the Nordic countries on NDC. This stems from a different political outlook, resistance to the idea of cooperation with Sweden and possibly even to Norway's FM personal dislike of Denmark's FM. Denmark appears to have structured its defense to prioritize cooperation with the U.S., the UK, the Netherlands and Germany. Denmark is also an awkward partner within the EU, as its EU defense "opt-out" precludes it from taking part in ESDP military (but not civilian) missions with other EU member states. Denmark's government tends to be less focused on the Nordic region, making Nordic cooperation less appealing to the Danes and cooperation with Denmark less appealing to other Nordics. When it looks northward these days, Danish security policy is more likely to be focused on the Danish territory of Greenland. The Danes last May convened a conference of polar states to tamp down what they saw as an increasingly competitive streak in the Arctic, punctuated by the Russian flag planting on the North Pole sea bed. The Danes are thus more likely to view Nordic defense issues through a particularly Arctic lens, with an emphasis on more prosaic matters like Arctic search and rescue and protection of sea routes and fishing beds. Another potential issue which may be affected by NDC is Denmark's ongoing competition for a follow-on fighter aircraft (Denmark is choosing among the F-35, F-18 Super Hornet, and the Gripen to replace its aging fleet of F-16s). Norway's decision could be influential for Denmark's decision.

Implications for Russia and the Baltics

¶16. (C) Response to Russia is a sub-theme of NDC, although it should not be viewed as the primary motivating factor. Differing perspectives reduce any joint response to Russia. Finland is primarily concerned with its land border with Russia, Norway with Barents Sea issues and Swedish security thinkers refocused on Russia only after the crisis in Georgia. Iceland continues to be concerned with Russian activities and may be the Nordic country most interested in NDC due to Russian behavior. Expanding cooperation with the Baltics through the NDC format is not in the cards right now, though Swedish Defense Minister Tolgfors and others have stated that they "could possibly be included in various suitable cooperation projects in the future."

#### Potential Positives of NDC

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¶17. (C) Despite a wide variety of national approaches to the NDC concept there are some potential positive developments which could result. The first is the obvious benefit of getting more "bang for the kroner" in defense purchases. Anything that improves the Nordic countries defense capabilities is welcome. There is also a benefit if NDC brings Sweden and Finland closer to NATO in softening public opposition to NATO membership and in further integrating Swedish and Finnish militaries into NATO standards and procedures. Joint operations could result in better prepared and more efficient units available for NATO or UN international missions and could help increase public support for such missions. Elements such as a common maritime or air picture in the region would benefit NATO and reassure places such as Reykjavik and Oslo.

#### Synergy without Guarantees: potential dangers

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¶18. (C) NDC does contain a series of potential dangers, primarily in its political aspects. It is important that Norway does not drift further away from its traditionally strong transatlantic ties and focus on NATO. This would weaken NATO's northern flank, particularly if NDC is the impetus for a Norwegian decision to purchase the inferior Swedish Gripen fighter for political reasons. It is also important the NDC is not used as an excuse to lower defense budgets further or to reduce the number of troops available for international operations. Finally, it is worth noting that the NDC offers no formal or specific security guarantees and no promise of mutual defense.

#### Keys to a positive NDC result and a way forward

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¶19. (C) We need to shape NDC in a positive direction:

--Norway should be supported in its efforts to develop Swedish and Finnish interoperability with NATO, but also reminded where its true security guarantee originates from. Bringing NDC activities into the Partnership for Peace framework would also ensure that NDC complements NATO.

--The USG should encourage Norway to purchase military equipment, particularly vital elements such as fighter planes, based on capabilities and NATO compatibility, not on political desires for Nordic solidarity.

--To the extent that NDC enables the Nordics to strengthen their capabilities and increase their deployments to global hotspots -- either through contributions to NATO or to EU or UN operations -- it should be encouraged.

--With these goals in mind, we recommend deeper USG engagement with the Nordics, possibly starting with a mission by EUCOM and others to the Nordics to offer engagement in areas of mutual benefit, such as the development of a common operating air/land/sea picture which is interoperable with NATO; defense-related research; anti-submarine warfare capabilities; or training amphibious units.

¶20. (C) Potential future impacts of NDC do bring up some critical questions for policy makers in Washington and Brussels. These could include:

--Does the USG desire Swedish and Finish NATO membership? On the surface they would appear to be welcome, but there could be some potentially negative implications of bringing more skeptical and idealistic members into NATO.

--NDC also raises the issue of preparing contingency plans for the region. Is NATO prepared to take such a step if asked?

--What is our Arctic policy? Does NDC help or hinder it?

The answers to these questions will shape the U.S. reaction to NDC and help us develop a path to influence it in the right directions. Posts look forward to Department and interagency responses to NDC.

WHITNEY